Managing Change Through An IT Operating Model

Re-Discovering The Importance Of Supply Chain & Increasing Speed To Value

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Welcome & Agenda

1. The Business Problem
2. The IT Supply Chain
3. Operating Model Examples
4. Service and Process-based Organizational Structures and Roles

Objective:
Understand the Cultural and Practical transition from a technology to a Service Oriented IT Organization.
The Problem (The Business Perspective)

- IT does not understand business priorities
- IT is too slow and unresponsive to new demands and requirements
- IT projects are always behind schedule and over budget
- IT strategy is focused on technology and not business objectives
- The default answer is next year or simply no
- Trend to by-pass internal IT for external options (Speed, Cost, Control)
The “Risk Gap” For Business Growth Goals

**Process Requirements**
- Increasing number of products & services
- Increasing rate of change
- Increasing complexity / data interdependency
- Increased speed and efficiency
- Increased speed to market
- Reduced costs

**IT Process Capabilities**
- Silo / fragmented / redundant processes
- Lack of integration, automation
- Lack of visibility

**Risk Gap**
- Lack of availability, performance, reliability, quality

Operating as a mature IT Service Provider requires consistent supply chain management processes across silos!
A set of specialized organizational capabilities for providing value to customers in the form of services

- Transforms capabilities and resources into valuable services
Demand & Supply Chain


Customer Engagement.

Operational Goal: Understanding and managing customer needs, requirements and expectations to solve business problems and deliver value.

Plan / Build Management.

Operational Goal: Manage the risk and resources to deliver quality, cost effective services and service enhancements.

Continual Improvement.

Operational Goal: Manage the service operations to maximize customer outcomes and minimize cost.

Strategy / Design / Transition.

Operational Goal: Manage service operations to maximize customer outcomes and minimize cost.

Governance.

Strategy/Planning
Demand
Resource Capacity
Priorities/Scheduling
Process Ownership
Compliance
Financial

Operations Excellence.

Monitoring
Reporting
Service/Process Improvement – Efficiency/Effectiveness

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### Evolving IT Organization Culture & Flow

<table>
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<th>Category</th>
<th>Description</th>
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| **External Customer Focused**    | - Business revenue is directly generated by the sale of IT services to external customers  
  - IT based services and their digital transactions are perceived to be integral and synonymous with the business processes they support  
  - Market share and stock price is influenced by the market’s perception of the quality and stability of IT capability |
| **Business Partner Focused**      | - IT Executives are part of the strategic business planning processes  
  - The CIO has oversight and responsibility for other departments outside of traditional IT function (e.g.: facilities, processing, fleet mgmt.)  
  - IT measures its success in terms of business transactional volume / availability |
| **Business Customer Focused**     | - IT services are understood to support the business process  
  - The IT organization is understood to be an enterprise function made up of both internal and external suppliers using common processes & tools  
  - Enterprise governance is mature enough to enforce standards across all IT groups  
  - IT is taking and fulfilling orders from its business customer |
| **System / Service Focused**      | - Shared Services Organizations are establishing common services, tools and processes  
  - Service Level Agreements are based on services rather than technology  
  - IT services are typically defined as infrastructure and user based services |
| **Technology Focused**            | - IT Domains / Depts. (Database, Servers, Desktop, etc.)  
  - IT Operations  
  - Infrastructure Organizations  
  - Network |
Value is delivered by managing the Lifeecyles of Activities and Resources that produces it.

<table>
<thead>
<tr>
<th>Gap</th>
<th>Service Lifecycle</th>
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<tr>
<td>Gap</td>
<td>System Lifecycle</td>
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<td>Infrastructure Lifecycle</td>
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<td>Data Lifecycle</td>
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Dependent But Running on different Timelines.
Demand & Supply Related To ITSM

Service Portfolio

Service Catalog

Service Pipeline

Demand dictates changes or investments to the Service Portfolio
Plan Service Design Considerations
Build / Test / Transition
Operate or Retire Services Efficiently and Effectively to the Customer

Service Lifecycle

Initiation
Analyze/Design
Build/Test
Implement/Stabilize
Close

Svc Strategy
Svc Design
Svc Transition
Svc Operation & CSI

• Bus Relationship Mgt
• Demand Mgt
• Financial Mgt for IT Services
• Service Portfolio Mgt
• Strategy Mgt for IT Services
• Availability Mgt
• Capacity Mgt
• Design Coordination
• Info Sec Mgt
• Service Cont Mgt
• Service Catalog Mgt
• Service Level Mgt
• Supplier Mgt
• Change Mgt
• Change Evaluation
• Knowledge Mgt
• Release & Depl Mgt
• Svc Asset & Cfg Mgt
• Svc Val & Testing
• Trans Plan & Support
• Access Mgt
• Event Mgt
• Incident Mgt
• Problem Mgt
• Req. Fulfillment
• Application Mgt
• IT Operations Mgt
• Service Desk
• Technical Mgt
• 7 Step Improvement

Key Extensions from Strategy & Design
Service Level Mgt
Service Catalog Mgt
Availability Mgt
Capacity Mgt
Info Sec Mgt
Service Cont Mgt
Supplier Mgt
Svc Asset & Cfg Mgt
Demand Mgt

Continual Improvement
Financial Management
IT Governance
The Three Doors Of Demand

- Business Relationship Mgmt.
- Service Catalog
- Service Desk

Lean Principle: Pull versus Push Demand
IT Governance & Business Value Linkage

Core Business Measures

IT Core Strategic Measures

Enterprise Operating Model

Balanced Scorecard

IT Value Chain (Service Organization)

IT Operating Model / COBIT

IT Processes

ITSM, Development, Project Mgmt., Security, Architecture, Operations, etc.

Business Value

IT Goals

IT Capabilities

IT Processes
Managing Change Through An IT Operating Model

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### 1. Manage Client Relationships
- **1.1 Facilitate client business strategy**
- **1.2 Manage client demand**
- **1.3 Manage client contact**
- **1.4 Facilitate overall client satisfaction**
- **1.5 Manage marketing & account opportunities**

### 2. Manage Services
- **2.1 Produce Service Plan**
- **2.2 Track service performance**
- **2.3 Review & report service performance**
- **2.4 Identify service improvements**
- **2.5 Update SLAs (existing services)**

### 3. Strategy, Planning & Sourcing
- **3.1 Define Vision & Strategy**
- **3.2 Define Strategic Investment Portfolio**
- **3.3 Develop / Maintain Service Portfolio, OM & Architectures**
- **3.4 Define Strategic Roadmaps**
- **3.5 Develop SP Business Plan and Budget**
- **3.6 Apply Strategic Governance**

### 4. E2E Service Design & Sourcing
- **4.1 Change demand capture**
- **4.2 Route to appropriate change process**
- **4.3 Confirm feasibility of bid**
- **4.4 Mobilise team & prepare bid**
- **4.5 Agree with clients**
- **4.6 Portfolio entry**
- **4.7 Aggregate business release/ plan entry**

### 5. Develop & Integrate Service Components
- **5.1 Manage projects**
- **5.2 Manage integrated service components/ business change**

### 6. Run Service Components
- **6.1 Operate & monitor services**
- **6.2 Service recovery**

### 7. Maintain Service Components
- **7.1 Component acceptance**
- **7.2 Release planning**
- **7.3 Maintain component**
- **7.4 Production change control**
- **7.5 Business, operations, IT & supplier support**

### 8. Manage Service Components
- **8.1 Implement changed/ new service component**
- **8.2 OLA management**
- **8.3 Operational supplier management**
- **8.4 Service component performance management**
- **8.5 Benchmarking**
- **8.6 Update SCP database & reporting**

### 9. Manage Customer Services
- **9.1 Manage incidents**
- **9.2 Manage problem**
- **9.3 Manage order**
- **9.4 Manage major incident**
- **9.5 Manage knowledge**

### 10. Financial Processing & Reporting
- **10.1 Operate and maintain accounting systems**
- **10.2 Maintain financial accounts**
- **10.3 Maintain & manage cost (ABC) and pricing models**
- **10.4 Charging and invoicing**
- **10.5 Management & financial reporting**
- **10.6 Investment Appraisal**

### 11. Manage Suppliers
- **11.1 Provide market & supplier intelligence**
- **11.2 Negotiate with suppliers**
- **11.3 Select suppliers**
- **11.4 Communicate with suppliers**
- **11.5 Manage supplier relationships**
- **11.6 Review supplier performance**
- **11.7 Resolve dispute with supplier**

### 12. Manage Risk
- **12.1 Provide local risk governance**
- **12.2 Lead risk management**
- **12.3 Provide risk consultancy**
- **12.4 Provide tools, techniques & standards**
- **12.5 Provide risk training & awareness**
- **12.6 Provide IT security solutions**

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Operating Model – Level Two

**Service Operation**

- **Service Support**
  - Incident Management
  - Service Desk Strategy
  - Problem Management
  - Event Management/Monitoring
  - Request Fulfilment
  - Executive Care
  - Business Continuity Management
  - Access Management

- **Run Services - Hosting**
  - System Administration
  - Mainframe
  - Application Infrastructure
  - Database Administration
  - Server Support
  - Data Center Management
  - Storage & Backup
  - SAP Basis Management
  - Directory

- **Run Services - Desktop Management**
  - Desktop Support
  - Desktop Asset Management
  - Software Services (License Mgmt)
  - Desktop AntiVirus
  - Print

- **Supplier Management**
  - Supplier Governance & Management
Process & Product Strategy Relationship

High Standardization
- Regulatory Compliance
- Cost Efficiency
- Commoditization
- Risk

Configure Against Core
- Assemble To Order
- Make To Order
- Engineer To Order

Low Standardization
- Specialist Knowledge
- Tailored Solution
- Unique Context

Formal Process
- Make To Stock

Service Catalog

Policies, Roles, Procedures, Metrics, Common Tools

Low Variance
- Low Volume
- $$

Mitigating Risk of Variance

High Variance
- Low Volume
- $$$$

Accepting Risk of Variance

$
Scaled & Distributed Process Ownership

**Process Owner**: Has overall organizational process accountability and may as well have specific accountability for their own group or region.

**Process Manager**: Has process accountability for their specific functional group or region and is accountable to the Process Owner for organizational compliance.
Establishing A Service Management Office

- ITSM Governance
- ITSM Process Owners
- Business Process & Service Improvement
- Training & Communication Coordination
- Service Level & CSI Management

Technical / Functional Management

Process & Service Management
Future State Service Delivery Function

All of these functions have a enterprise IT mandate and not a vertical technology focus.
Application
Next Steps

1. Meet with your Sr. Leadership to discuss the current risk gap and the importance of modeling and managing the full demand/supply flow.

2. Gain time and improve short term customer satisfaction by focusing on improving the 3 doors of demand (Service Desk, Catalog, BRM/Portfolio).

3. Define your Services and Lifecycle Owners.

4. Begin work on your operating model as it pertains to the full demand / supply flow (identify owners) within your political ability to influence.

5. Prioritize CSI activities on constraint areas or processes that will increase speed to value.
Questions?

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Thank You

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